

SENATE BILL 2997
By Atchley

AN ACT to amend the Revenue Bond Law and the Utility District Law to permit certain short-term borrowings by municipalities and natural gas utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-34-111, is hereby amended by inserting a new subsection (d) therein and by redesignating the existing subsection (d) and the subsequent subsections accordingly. The new subsection (d) shall be as follows:

(d) The governing body, or any board or commission of a municipality having jurisdiction, control and management of the public works of a municipality, may borrow money in anticipation of the collection of revenues from such public works and issue negotiable notes to evidence such borrowing, the proceeds from the sale of such notes to be used for the purpose of paying the costs of operation of the public works. Any such notes shall be secured solely by a pledge of and lien on the revenues of the public works. Such notes shall be payable not later than one year from their date of issuance and shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the governing body, board or commission issuing same. If revenues of the public works are insufficient to pay all or any portion of such notes at maturity, the notes may be renewed one time for a period not to exceed one (1) year or may be retired with funding bonds issued pursuant to Title 9, Chapter 11, Tennessee Code Annotated, or may be otherwise liquidated as approved by the comptroller of the treasury or the director of the division of local finance.

SECTION 2. Tennessee Code Annotated, Section 7-82-501, is hereby amended by inserting a new subsection (b) therein and by redesignating the existing subsection (b) and the subsequent subsections and all references thereto accordingly. The new subsection (b) shall be as follows:

(b) Each natural gas district may borrow money in anticipation of the collection of revenues from such district or any division of such district and issue negotiable notes to evidence such borrowing, upon adoption of a resolution declaring the loan necessary for the purchase of gas and the payment of costs associated therewith. The proceeds from the sale of such notes may be used for the purpose of paying the costs of operation of such district or any division of such district, including the purchase of gas and the payment of costs associated therewith including storage costs and pipeline capacity costs. Any such notes shall be secured solely by a pledge of and lien on all or any part of the revenues of the district or of any division of such district, and shall specifically declare whether the notes are subordinate to the lien of outstanding bond issues. Such notes shall be payable not later than one year from their date of issuance and shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the district issuing same. If revenues of the district or its division are insufficient to pay all or any portion of such notes at maturity, the notes may be renewed one time for a period not to exceed one (1) year or may be retired with funding bonds issued pursuant to Title 9, Chapter 11, Tennessee Code Annotated, or may be otherwise liquidated as approved by the comptroller of the treasury or the director of the division of local finance.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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